



Nebraska Farmers Union

Testimony of Vern Jantzen

**Before the
U.S. House Agriculture Committee**

**Concerning
2002 Farm Bill and Future Farm Policy**

**Saturday, March 4, 2006
Nebraska City, NE**

STATEMENT OF VERN JANTZEN
MEMBER, NEBRASKA FARMERS UNION
BEFORE THE U.S. HOUSE AGRICULTURE COMMITTEE
2002 FARM BILL
MARCH 4, 2006

Thank you, Chairman Goodlatte and Ranking Member Peterson for holding this field hearing and providing me the opportunity to testify before your committee concerning the 2002 farm bill and future agriculture policy. My name is Vern Jantzen; I am a fourth generation family farm operator in southeast Nebraska along with my wife and two teenage daughters. Our operation consists of a 100 cow dairy operation along with replacement heifers, supported by 600 acres used to raise corn, grain sorghum, wheat and alfalfa along with pasture. Equipment used to harvest forage raised on the farm is large enough to also support a custom harvesting enterprise to harvest and store alfalfa and corn silage. I also serve as the secretary for Nebraska Farmers Union.

There are many components of the current farm bill that I participate in, which have a direct impact on my operation. I would be remiss to not give credit to the hard working staff at the Jefferson County, Nebraska FSA office for helping with the many programs available and walking me through the sign-up process. I would hope any future attempts to dismantle the farm program delivery system at the local level would be rejected by Congress. I rely heavily on the folks at my local county office and they need more funding and staff, not less.

As a dairy farmer, I participate in the Milk Loss Income Contract (MILC) program, which has helped me pay the bills when the milk price drops. I don't have deep pockets to sustain my business through difficult economic times without programs like MILC. I applaud the safety-net approach of this program and the fact that it is targeted to smaller producers with a limit on pounds of milk that are eligible. I was disappointed MILC was not authorized to run the full length of the farm bill and then became a political football in Washington before receiving a two year extension. While the extension was greatly welcomed, it's unfortunate the program had to be reduced at such a significant rate that producers are forced to take money out of one pocket, put it in the other and be told we're better off.

As a crop producer, I also participate in the commodity programs and am signed up for counter-cyclical payments. This safety-net approach has made a difference to my cash flow in the past few years when commodity prices are depressed. I am sure many of my neighbors that only raise commodities, would have had some serious financial struggles without this program. I want the committee to know that there is no substitute for receiving our income from the marketplace, but in the real world, the prices we sometimes receive are not enough to pay the bills and the safety-net/counter-cyclical programs of the 2002 farm bill are needed to keep the farm going.

Conservation programs received more attention and emphasis in the current farm bill; I participate in both the EQIP and CSP programs. It makes sense to me that producers who are good stewards of the land receive some credit and incentives for participation in conservation programs. More importantly, I believe it is critical that financial resources are made available to producers for past conservation investments and crop rotations and those producers receive due recognition for not planting the whole farm to crops covered by traditional farm bill commodity programs. I fail to see the logic in promoting increased conservation practices and programs, but then witness yearly attacks on the funding of those programs through the appropriations process or budget-balancing legislation.

I have mentioned a few of the programs I participate in, but there is one program authorized in the 2002 farm bill that I have been denied. I am not sure how to convey to you my frustration that the current farm bill mandated country-of-origin labeling (COOL) to be enacted by 2004 and yet continues to be delayed at the behest of packers and processors that have a few members of Congress in their pocket. I am proud of the products that I produce on my farm and want consumers to be able to know where the products they buy in the grocery store come from—whether it be my farm or another proud farmer from the United States or whether it is an imported product. I think the proof is there that COOL works with seafood at my local grocery store now carrying a label. Consumers are still buying seafood, retailers are still selling it and fishermen are still catching seafood. The sky didn't fall when COOL went into effect for seafood and it won't fall when it is implemented for the rest of the commodities.

The food purchase choice is still up to the consumer but at least it will be an informed choice with COOL. Survey after survey shows both consumers and farmers want COOL to be implemented now. When was the last time you purchased a non-food item and were unable to determine where that item was manufactured? I want to know where the food I buy for my family comes from, and I resent the fact that the program to make that happened has been approved but has still not been implemented.

I would like to outline a few issues I think should be included and addressed by future farm bills. The counter-cyclical safety net approach in the current farm bill is a good idea and it works. I was told that in the first 3 years of the current farm bill a savings of more than \$13 billion was realized. The MILC program is important to small dairy producers across the country and makes a difference, similar dairy policy should be continued in the future; country-of-origin labeling needs to be funded and implemented now and not further delayed. Not only should the future farm bill contain an energy title to build upon the progress already made in the arena of renewable fuels, but should also promote exploration of the unlimited potential that exists in alternative sources available to rural areas such as wind and solar energy. Harnessing these renewable energy resources and mandating their increased usage is a step in the direction of changing the paradigm of our current petroleum-dependent society.

Conservation incentives should be continued and expanded in the future farm bill. I would like to have the opportunity in the future to review my CSP contract to determine what I can do further to increase and expand my eligibility. Increasing conservation programs is not only a financial benefit to myself, but rewards society as a whole by improving the environment. Further efforts must be made to improve program payment limitations if future farm programs are to be targeted to real producers. The agriculture economy and rural America's economic health is much better off with more producers, not just a handful of huge operations- as is the case currently.

Many rural parts of our country have struggled and continue to struggle due to devastating weather-related disasters. Some weather-related disasters are not dramatic enough to make headlines, but typically cause as much damage if not more than the disasters that do make the nightly news. Just because it is not in the news, doesn't mean that devastation caused by multi-year drought is not having a profound negative impact on rural communities and producers right here in Nebraska. Yearly ad hoc disaster programs are fine as long as the political winds in Washington are blowing in the right direction. It makes more sense to include a permanent disaster program in the next farm bill that mitigates losses not covered by traditional crop insurance or other programs administered by USDA.

One of the challenges that I continuously face, is the ongoing lack of competitive markets for my production. It was unfortunate the final version of the 2002 farm bill did not include the competition title that was contained in the Senate's farm bill. Without competitive markets, independent producers like me will continue to be pushed off the land or be turned into low-wage employees on our land. I would encourage the committee to include a strong competition title in the next farm bill which should include a ban on packer feeding, reauthorize an improved mandatory price reporting program and get USDA to start doing its job by enforcing the Sherman Anti-Trust Act and the Packers and Stockyards Act.

Take a look at the big picture and historical data to quantify the huge negative economic impact on rural America's economy, as a result of non-competitive markets and devaluation of our commodities. Government farm payments do not and should not make up for the loss of our markets, forcing producers to depend on their mailbox as opposed to the marketplace for their living. Currently, I have access to two markets to sell my milk; that is not a competitive market. I had to stop feeding hogs when my neighbors that supplied feeder pigs to me had to sell out because the hog market was completely consolidated.

It is no fun to get up every day, do chores and only end up deeper in the hole. USDA releases updated parity numbers each month and I have to wonder what kind of economic forces would be energized if producers could receive a price balanced against escalating input costs. In December 2005, the price for milk was only 39 percent of parity; I was informed two weeks ago the cost to transport my milk to the processing plant will increase 50 percent in March. My question was where do I go to recover that increased cost? I have yet to find somebody to pass it on to and the price I receive for my milk is

forecast to decrease for the rest of this year. Every other sector of the economy has someone to pass increased costs on to, except farmers. As my input costs are skyrocketing, my share of the retail dollar shrinks. In the middle of December 2005, a gallon of milk at Safeway (Washington, D.C.) was \$3.39, while the farmer's share was only \$1.21.

A part of the competition question also involves trade and trade policy. What happens to my market price when our trade surplus turns into a trade deficit? For January through November 2005, dairy imports totaled \$2.43 billion, while dairy exports were only \$1.54 billion. How do I know if the dairy producers from importing countries are required to meet the same strict environmental and labor standards? Our current trade agenda does nothing to level the playing field or provide opportunities for me to make a profit from the market. As a dairy producer, I have a hard time understanding why milk protein concentrates (MPC) can be imported into the U.S. at unchecked levels. In 2005, imports of MPC were up 22 percent, and that has a direct correlation on the price I receive for my milk. Trade is a good thing but will not work in the long run if fairness issues are not addressed. Where is the World Trade Organization talks headed? I believe there is a lot of merit in extending the current farm bill until we see what direction trade talks take and what final agreements are hammered out.

As a country, we need to deal with a mounting federal budget deficit. USDA Secretary Mike Johanns says agriculture cannot be excluded from pitching-in. I agree that the federal government needs to stop bleeding red ink, but who decided that rural America and farmers and ranchers have to jeopardize their futures to pay for a mess we did not create? I am upset that Congress cut \$3 billion dollars from farm programs, which is 9 percent of all the cuts enacted, yet agricultural spending is less than 1 percent of all federal spending.

Just weeks after Congress passed those cuts, President Bush proposed even more. The administration's budget proposal for next year calls for a three-cent-per-hundredweight tax on all dairy farmers to help cut costs; initiating a butter/nonfat milk tilt to reduce USDA expenses on the dairy price support program and reducing all program payments by 5 percent. How is this supposed to work when USDA predicts a big drop in net farm income for 2006? That kind of math may add up in Washington, but it certainly doesn't out here. What kind of stress will this put on farm operations that are already struggling with financial concerns? How many more farmers will throw in the towel because the combination of increasing energy and fertilizer costs, weather problems and declining prices prove to be too overwhelming? These are questions that are not going to go away and need to be addressed sooner rather than later.

Finally, I would like to make you aware of a national park a few miles from my farm that is dedicated to the preservation and education of the 1862 Homestead Act and the process of settlement of the Great Plains by homesteaders. The social and economic implications of that model for community development and land ownership continue to this day. I believe we are at a crossroads on what our future as a rural society will look like. Is it important to have small, independent, owner-operators producing agricultural

commodities for our country? What are the social and economic implications for rural America if no one comes back to farm or to take over the small community business? Last week there were 385 permits to sell milk from dairy operations in Nebraska. The number of permits back in 1979 was 3,490. I find this to be a disturbing trend and it should be addressed now and not later. How do rural schools and other social structures deal with the challenge of a declining population? I believe the challenge for this committee and members of Congress is to wrestle with these and similar questions and decide if the government should be involved and what the best way is to help. I hope some of my suggestions have been helpful or at least simulated some thought. Thank you for this opportunity to testify; I would be happy to answer any questions you might have.

Committee on Agriculture
U.S. House of Representatives
Required Witness Disclosure Form

House Rules* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2004.

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Organization you represent (if any): Nebraska Farmers Union

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2004, as well as the source and the amount of each grant or contract. House Rules do **NOT** require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: None Amount: _____

Source: _____ Amount: _____

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2004, as well as the source and the amount of each grant or contract:

Source: None Amount: _____

Source: _____ Amount: _____

Please check here if this form is NOT applicable to you: _____

Signature: 

* Rule XI, clause 2(g)(4) of the U.S. House of Representatives provides: *Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.*

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.

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Vern Jantzen is the fourth generation to operate the family farm in southeast Nebraska along with his wife and two teenage daughters. After graduation from the University of Nebraska-Lincoln, Vern worked in agricultural education for Mennonite Central Committee in eastern Bolivia for four years before coming home to farm with his parents. The farm consists of a 100 cow dairy operation along with replacement heifers that is supported by 600 acres used to raise corn, grain sorghum, wheat and alfalfa along with pasture. Equipment used to harvest forage raised on the farm is large enough to also support a custom harvesting enterprise to harvest and store alfalfa and corn silage. Vern is currently the director for district 4 of the Nebraska Farmers Union and also serves as Nebraska Farmers Union Secretary. Vern is also a member of and has served on the board of directors of the Nebraska State Dairymen's Association, Jefferson County DHIA and the Tri-County FFA Alumni. Past involvement includes the Jefferson County 4-H Council, Jefferson County Extension Board, Nebraska DHIA and the Nebraska Dairy Industry Development Board.